

Message Text

UNCLASSIFIED

PAGE 01 SUVA 00795 01 OF 02 112251Z

ACTION EA-12

INFO OCT-01 EUR-12 NEA-11 ISO-00 AID-05 CIAE-00
COME-00 EB-08 FRB-01 INR-10 NSAE-00 ICA-20
TRSE-00 XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01
/098 W

-----075694 112337Z /21

R 112130Z MAY 78

FM AMEMBASSY SUVA

TO SECSTATE WASHDC 7391

INFO AMEMBASSY CANBERRA

AMEMBASSY PARIS

AMEMBASSY NEW DELHI

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

AMEMBASSY BRUSSELS

UNCLAS SECTION 1 OF 2 SUVA 0795

BRUSSELS FOR EEC

E.O. 11652: N/A

TAGS: ELAB, ECON

SUBJECT: WAGE GUIDELINES AGREEMENT FOR FIJI

1. SUMMARY: GOVERNMENT EMPLOYEES AND UNIONS REACHED AGREE-
MENT ON 8 MAY LIMITING WAGE INCREASES TO 7 PERCENT FOR 12
MONTHS BEGINNING WITH EXPIRATION OF UNION CONTRACTS NOW IN EFFECT.

2. THE FIJIAN VERY ACTIVE LABOR SCENE -- HARDLY A DAY GOES BY
WITHOUT A PIECE OF LABOR NEWS IN THE PRESS AND ON THE RADIO --
REACHED A NEW HIGH WITH THE SIGNATURE ON 8 MAY OF A TRIPARTITE
AGREEMENT SETTING A NEW GUIDELINE FOR WAGE INCREASES LIMITED TO
7 PERCENT. IT TOOK ABOUT TWO MONTHS FOR THE TRIPARTITE
FORUM, AS THE GOVERNMENT, EMPLOYERS AND UNION TOP LEVEL COMMITTEE
IS KNOWN, TO REACH THE AGREEMENT WHICH STARTED OUT WITH UNIONS
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SUVA 00795 01 OF 02 112251Z

DEMANDING 8 PERCENT AND EMPLOYERS OFFERING TWO PERCENT. THESE
NEGOTIATIONS INVOLVED A GREAT DEAL OF OLD FASHIONED COLLECTIVE
BARGAINING BUT ALSO CONSIDERABLE PRESSURE AND CAJOLING ON THE
PART OF THE GOVERNMENT.

3. THE KEY FACTOR OF THE SUCCESS IN SETTING SUCH A REASONABLE
RATE INCREASE COMPARED WITH THE 10 PERCENT AGREED UPON LAST YEAR

IS GOF SUCCESS IN PUTTING ACROSS TO BOTH EMPLOYERS AND UNION LEADERS THE IDEA THAT WAGE STABILITY AND MODERATION IN WAGE INCREASES IS INDISPENSABLE TO COMBATING UN-EMPLOYMENT AND ATTRACTING FOREIGN INVESTMENT. AS A RESULT THE ANNOUNCEMENT OF THE AGREEMENT WHICH RECEIVED BIG PLAY ON RADIO AND PRESS WAS PRESENTED AS LABOR AND MANAGEMENT'S CONTRIBUTION TO THE CAUSE OF EMPLOYMENT AND CAPITAL INVESTMENT FROM ABROAD.

4. THE SIGNIFICANCE OF THE AGREEMENT WAS HIGHLIGHTED BY THE FACT THAT THE PRIME MINISTER PERSONALLY SIGNED IT AND CALLED IT "A VICTORY FOR MODERATION." IN A STATEMENT HE MADE AT THE TIME OF THE SIGNATURE HE SAID THAT "JOB CREATION AND EMPLOYMENT REQUIRED INVESTMENT AND MUCH OF IT HAD TO COME FROM OVERSEAS. OVERSEAS INVESTORS WOULD BE AGTRACTED BOTH BY GOVERNMENT CONCESSIONS INCENTIVES AND BY THE KNOWLEDGE THAT THERE EXISTED A SKILLED AND RELIABLE WORK FORCE. THEY ALSO NEEDED TO KNOW WHAT THEIR COSTINGS WOULD BE OVER A PERIOD WHICH THEY COULD PLAN AND AN GREE-MENT OF THE TRIPARTITIE TYPE WAS AN ALL ROUND INSURANCE."

5. ANOTHER INTERESTINS FEATURE OF THE NEW GUIDELINE IS THAT IT BECOMES EFFECTIVE FOR ONE YEAR AS OF THE DATE OF EXPIRATION OF THE UNION CONTRACTS PRESENTLY IN EFFECT. THIS BREAKS AWAY FROM THE ANNIVERSARY OR CALENDAR CYCLE OF SUCH AGREEMENTS AND IN FACT EXPANDS THE MODERATING INFLUENCES OF TH 7 PERCENT FIGURE.

6. THE ONLY WEAKNESS OF THE GUIDELINE IS TO BE
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 SUVA 00795 01 OF 02 112251Z

FOUND IN THE FREEDOM ALLOWED TO MANAGEMENT AND UNIONS TO NEGOTIATE FREELY EMPLOYMENT CONDITIONS I.E. OTHER THAN WAGES. EMPLOYER SOURCES TELL US THAT THIS DEGREE OF FREEDOM IS NOT VERY WORRISOME BECAUSE EMPLOYMENT CNDITIONS WHILE COSTLY CAN BE HANDLED AS FACTORS OF INCREASED PRODUCTIVITY.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 SUVA 00795 02 OF 02 112259Z
ACTION EA-12

INFO OCT-01 EUR-12 NEA-11 ISO-00 AID-05 CIAE-00
COME-00 EB-08 FRB-01 INR-10 NSAE-00 ICA-20
TRSE-00 XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01

/098 W

-----075768 112337Z /21

R 112130Z MAY 78
FM AMEMBASSY SUVA
TO SECSTATE WASHDC 7392
INFO AMEMBASSY CANBERRA
AMEMBASSY PARIS
AMEMBASSY NEW DELHI
AMEMBASSY TOKYO
AMEMBASSY WELLINGTON
AMEMBASSY BRUSSELS

UNCLAS SECTION 2 OF 2 SUVA 0795

7. PART OF THE UNRECORDED GIVE AND TAKE THAT TOOK PLACE PRIOR TO THE AGREEMENT WAS A CONCESSION ON THE PART OF GOF, IN FACT BY RATU MARA PERSONALLY, TO HOLD DOWN CONTEMPLATED AND SOME ALREADY ANNOUNCED INCREASED IN UTILITIES. EXAMPLE WAS THE ANNOUNCEMENT THAT THE WATER RATES WILL BE INCREASED BY 10 PERCENT INSTEAD OF THE 170 PERCENT PREVIOUSLY REPORTED. WHILE OTHER POLITICAL CONSIDERATIONS HAVE OBVIOUSLY INFLUENCED THIS DECISION IT IS NOT ACCIDENTAL THAT THE ANNOUNCEMENT WAS MADE TO COINCIDE WITH THE AGREEMENT ON THE GUIDELINES TO STRENGTHEN THE LABOR LEADERS HANDS IN EXPLAINING THE REASONABLE RATE OF SEVEN PERCENT TO THEIR RANK AND FILE.

8. THIS IS A GOOD TIME TO REPORT A COMMENT MADE BY THE MINISTER OF INDUSTRY AND COMMERCE TO THE AMBASSADOR RECENTLY IN RESPONSE TO THE OBSERVATION THAT EVERY ECONOMIC REPORT WHETHER BY WORLD BANK OR ASIAN DEVELOPMENT BANK HAS UNDERScored THE HIGH COST OF LABOR AS A NEGATIVE FACTOR FOR FOREIGN INVESTMENT. THE MINISTER WHO BY THE WAY IS ONE OF THE FOUNDERS OF THE FTUC
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SUVA 00795 02 OF 02 112259Z

(UNION) AND ONE OF ITS FORMER GENERAL SECRETARIES SAID THAT WHAT THESE REPORTS DESCRIBE AS HIGH WAGES REPRESENT A MUCH NEEDED PURCHASING POWER IN THE HANDS OF THE WORKING PEOPLE SO AS TO KEEP AN ACTIVE DEMAND FOR CONSUMPTION SO NECESSARY FOR THE HEALTH OF THE ECONOMY.

9. COMMENT: THE FOREGOING AGREEMENT MAY BE A VICTORY FOR MODERATION -- WHICH INDEED IT IS -- BUT IS ALSO A TRIUMPH FOR THE "PACIFIC WAY" OF PRODUCING A CONSENSUS ONCE A BASIS NATIONAL OBJECTIVE IS PROJECTED AS A COMMON IMPERATIVE FOR THE PARTIES CONCERNED. THE OBJECTIVE WAS THE PROBLEM OF UNEMPLOYMENT AND THE ATTRACTION OF FOREIGN CAPITAL.
CONDON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WAGES, AGREEMENTS, NEGOTIATIONS, WAGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SUVA00795
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780201-0262
Format: TEL
From: SUVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780567/aaaacfdw.tel
Line Count: 167
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 75f216a0-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2715200
Secure: OPEN
Status: NATIVE
Subject: WAGE GUIDELINES AGREEMENT FOR FIJI
TAGS: ELAB, ECON
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/75f216a0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014